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SECRET

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Central Intelligence Bulletin

CONTENTS

- PAKISTAN: President Yahya's speech. (Page 1)
- ARAB FEDERATION: Draft constitution. (Page 2)
- PANAMA: The case of the missing priest. (Page 3)
- JAPAN: The Upper House elections. (Page 4)
- THAILAND: The proposed budget for 1972. (Page 5)
- INDIA: West Bengal's government has resigned.
(Page 6)
- ILO: US delegates fared better than the Soviets at recent meetings. (Page 7)
-
- COMMUNIST CHINA - US: The Taiwan issue (Page 9)
- SOUTH KOREA: Currency devaluation (Page 9)
- YUGOSLAVIA: Collective presidency (Page 10)
- INDIA: Five-year plan (Page 10)
- SIERRA LEONE: Officers sentenced (Page 11)
- CUBA: Swine fever outbreak (Page 11)

SECRET

SECRET

PAKISTAN: President Yahya Khan's plan to "transfer power to a civilian government," announced in a nationwide broadcast yesterday, gives the politicians a much smaller role than they had under the rules in effect before 25 March.

Yahya will consult with leading politicians, but the new constitution will be written by experts rather than elected representatives who had been given the task. Yahya has promised maximum provincial autonomy again, but will also give the federal government "adequate" powers--presumably more than most East Pakistanis would like it to have.

Even after the national and provincial governments are formed, they "will have at their disposal the cover of martial law for a period of time." This may mean that the army intends to retain ultimate control even then.

Yahya also would like to ban any political party which is regional in character--in effect a ban on all--unless some of the West Pakistani parties are able to win East Pakistani seats Yahya will declare vacant.

The Pakistani President did not commit himself to a firm timetable, but said that the transfer will take place in "four months or so" depending on the situation at that time.

25X1

29 Jun 71

Central Intelligence Bulletin

1

SECRET

SECRET

ARAB FEDERATION: Egypt, Libya, and Syria have taken additional steps toward the establishment of the Federation of Arab Republics (FAR).

Representatives of the three governments completed work on a draft constitution in Cairo on Sunday, implementing a provision of the FAR's basic document agreed to in mid-April. The FAR committee agreed to establish Cairo as the federation capital, strengthening expectations that Egypt would play the pivotal role in the grouping.

Two developments fed speculation that Sudan, which abruptly left the quadripartite talks on the federation in April, may now be ready to join the group. A Sudanese representative participated with equal status in last weekend's meetings and the federation headquarters building will be divided into four sections for the participants' staffs. Despite these indications, President Numayri's preoccupation with Sudan's nagging political and economic problems may obstruct Khartoum's adherence to the FAR for some time to come.

25X1

SECRET

SECRET

PANAMA: Church leaders are cautiously turning up the heat on the government over the case of a missing priest.

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through a private investigation into the disappearance of Father Gallegos, a highly popular opponent of the Torrijos regime, the church is aware that National Guard personnel kidnaped the priest and beat him to death. [REDACTED] the church has a general idea of where the body is buried and is conducting a search to recover it. The bishops reportedly have presented General Torrijos with their information, which they are threatening to make public if he refuses to begin an earnest inquiry into the affair. 25X1

The strong agitation over the case has surprised the government, which has further damaged its own position by proposing incredible theses to explain the priest's fate. Although the church leaders want to defend the church against the threat implicit in Father Gallegos' death, they seem fearful of what an open confrontation with the regime will bring. They have let go by several opportunities for a successful attack on the government, while keeping alive public interest by having something to release to the press and television each day.

The church's hiring of a professional investigator has been funded mainly by leading families, suggesting that other natural opponents of the regime may be encouraging the church to meet the government head-on. The response from Torrijos to church charges of a whitewash or some dramatic breakthrough in the case, such as the discovery of the body, might force the church into an open challenge to the government. [REDACTED] 25X1

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JAPAN: The unexpectedly poor performance of the ruling Liberal Democratic Party (LDP) in Sunday's Upper House elections stemmed from general voter apathy and from growing rural unhappiness with LDP policies.

On the basis of nearly complete returns, the LDP retained a comfortable majority, but failed to make the gains it anticipated. The success of the Japan Socialist Party (JSP) in picking up several seats and reversing its long decline was aided by discontent in farm areas over government policies of freezing rice subsidies and reducing rice acreage. Day-long rains throughout much of the country may have hampered LDP efforts to get out the vote in traditional strongholds; the 59-percent turnout was the lowest for an Upper House election since 1959.

The Socialist candidates profited in a few districts from the backing of the two moderate opposition parties, the Democratic Socialists and the Komeito, a party supported by the Buddhist Soka Gakkai. Joint support also helped deliver a substantial Domei Labor Union and Soka Gakkai vote to the JSP. Otherwise this vote might have gone to the LDP.

The Communists' popular vote reached an all-time high of nearly five million, netting them several additional seats. They scored impressive gains not only in the traditional industrial strongholds, but also in agricultural constituencies.



25X1

29 Jun 71

Central Intelligence Bulletin

4

SECRET

SECRET

THAILAND: The proposed budget for fiscal 1972 reflects the country's economic slowdown and the government's concern over its widening budget deficit.

The budget which was sent to Parliament last week calls for an increase in spending of only 1.5 percent over fiscal 1971. Except for increases for education and internal security, the levels of non-military spending generally will be lower. Defense expenditures are to remain unchanged, even though previous annual increases since 1965 have ranged between 14 and 29 percent to finance rising requirements for force maintenance and re-equipment.

To narrow the budget deficit Bangkok has projected an increase of about seven percent in domestic revenues. This is to come mainly from higher earnings of state enterprises and new taxes. The imposition of new taxes, however, is likely to hamper economic growth even further.

25X1



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INDIA: West Bengal's coalition government resigned on 28 June, clearing the way for another period of direct rule from New Delhi.

The dissolution of the multiparty coalition government following a general protest strike in Calcutta last Friday was the culmination of numerous pressures on the three-month-old government. Mrs. Gandhi's Ruling Congress Party, the leading party in the governing coalition, faced increasing criticism by the party's younger members because of the government's inability to arrest the deteriorating law and order situation in the Calcutta environs.

The youth elements, who called Friday's strike to protest the murder of one of their leaders, have themselves instigated violent tactics against the Marxist Communists, who are the strongest political force in the state and who headed the opposition coalition in the government. The Marxists called dissolution of the government "undemocratic," but they probably hope to win a majority should elections be held. New elections are not likely, however, because of continuing interparty feuding and police actions which have cost some 500 lives since April.

The influx of five million East Pakistani refugees into West Bengal has cast additional heavy burdens on the state. The threat of a cholera epidemic has been checked, but friction between refugees and local inhabitants can be expected to mount. The police and military appear to be performing with relative effectiveness, however, and most observers anticipate that central rule will strengthen the hand of law enforcement authorities.

25X1

SECRET

ILO: The US delegates fared better than their Soviet counterparts at the recently concluded meetings of the International Labor Organization (ILO) in Geneva.

Unexpectedly, rather than being the contentious issue, the refusal of the US Congress to appropriate funds to cover overdue and current ILO assessments was not emphasized in Geneva except in a peroration by Director General Jenks. A wish on the part of the delegates not to complicate relations further with the US led them to soft-pedal the issue. The director general spoke emotionally against alleged anti-ILO assertions made earlier by some US House members. Several delegates believe that Jenks' speech has made the task of eventually achieving favorable congressional action on US funding more difficult. Jenks has regarded the US refusal to pay as a personal attack on him for having appointed a Soviet citizen to a top-level ILO post in 1970.

The Soviets did not obtain their principal goals at the ILO meetings. The conferees put off until at least 1973 any formal consideration of a Moscow-sponsored proposal for revamping the ILO structure. The USSR for years has been attempting to dilute the ILO's tripartite concept of separate representation by employer, employee, and governmental groups. Moreover, the delegates for the first time in eight years discussed the USSR's general noncompliance with the international convention on workers' freedom of association. In addition, Czechoslovakia was placed on a special list of nations that have refused to comply with the convention, the first Communist state to be so singled out.

One issue certain to be a focal point of Soviet-Western conflict in the ILO over the coming months is the chairmanship of the governing body for the 1972-73 term. No Soviet or bloc citizen

29 Jun 71

Central Intelligence Bulletin

7

SECRET

SECRET

has held the post, as Eastern Europe is not recognized among the regions accorded the assignment on a rotating basis. The Soviets want this situation altered and claim the Western powers orally agreed in 1967 to accept a Soviet chairman. The Western states--the UK, France, and the US--do not regard any such commitment as binding today.

25X1
25X1

29 Jun 71

Central Intelligence Bulletin

8

SECRET

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COMMUNIST CHINA - US: Peking has chosen to restate its position on the Taiwan issue on the anniversary of President Truman's 1950 directive that the Seventh Fleet separate the combatants in the Taiwan Strait. Speeches and broadcasts keyed to the anniversary make standard references to US "provocations" in and near Taiwan and stress that the US, together with Japan, is scheming to separate the island permanently from the mainland. The statements insist, however, that "US imperialism" must withdraw from Taiwan--a formulation broader and vaguer than Chou En-lai's recent remarks to US newsmen that the American military presence on the island was the main issue between Washington and Peking. The new formulation leaves Peking's options open. The Communists can either insist that the US must sever all ties with the Nationalists or they can adopt Chou's more restrictive--and probably more authoritative--interpretation. The anniversary is generally an occasion on which Peking stresses a "hard-line" approach to the Taiwan problem, but this year's tough statements are less belligerent than those made by Army Chief of Staff Huang Yung-sheng last year.

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SOUTH KOREA: The government devalued its currency by some 13 percent yesterday in response to mounting pressures from the International Monetary Fund and the US. The move is designed to improve the country's balance of payments by bolstering exports and holding down imports. Many foreign observers feared a serious balance-of-payments crisis was in the offing because of high debt servicing in addition to expected reductions in earnings from US military activities in east Asia.

25X1

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29 Jun 71

Central Intelligence Bulletin

9

SECRET

YUGOSLAVIA: All 22 nominees to the proposed collective presidency headed by Tito have now been named, and passage of the constitutional amendments on 30 June will transfer state authority to the new body. The nomination process has had an air of business-like resolve, unlike the earlier tumultuous development of Tito's political reform program. One important personnel shift stemming from the nominations will be the replacement of Premier Ribicic by Dzemal Bijedic, who now serves as head of the Bosnia-Herzegovina republic assembly. Ribicic, a nominee from Slovenia, ranks among those who because of prestige and acknowledged skill could become Tito's right-hand man in the collective presidency.

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INDIA: The planning minister has abandoned the idea of reworking the current five-year plan that ends in March 1974. The revised plan would have integrated Prime Minister Gandhi's promised social, employment, and economic goals more closely, and established more realistic long-term economic targets. Since six months or more would be needed to recast the plan, which is already near its midpoint, a midterm appraisal will be undertaken instead in an effort to identify production shortfalls and bottlenecks and to redeploy the resources needed to correct them. Further policy changes are to be incorporated in the annual plans and in the next five-year plan.

25X1

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SIERRA LEONE: A military court has sentenced ex-army commander Bangura and five fellow officers to death for their role in the unsuccessful attempt last March to oust former prime minister--now President--Siaka Stevens. Although death sentences are seldom carried out in Sierra Leone, the verdict may be implemented in this case. Stevens, who still regards his factionalized army as untrustworthy, may reason that execution of at least Bangura, the coup leader, would serve as an object lesson to his enemies in the military. Some of these dissident elements probably are involved in further plotting against Stevens, but there is no evidence that any of them now has the organization or force needed to mount a serious challenge. [REDACTED]

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CUBA: Havana Province reportedly is experiencing an outbreak of African swine fever, a virulent hog disease that can be controlled only by destroying infected animals. The Cuban Government has expressed alarm and has initiated strict measures aimed at preventing an epidemic. Although the disease poses a serious threat to the small Cuban hog industry, it is not expected to have much impact over-all on the economy. The Cuban press did not specify any definite origin of the outbreak, apparently the first of this disease in the Western Hemisphere. [REDACTED]

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